

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 IO-10

FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00

DODE-00 FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-03 PA-01 USIA-06 PRS-01 /128 W

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R 242135Z FEB 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4040

INFO AMEMBASSY ALGIERS

AMEMBASSY BRASILIA

USEC BRUSSELS 55

AMEMBASSY CARACAS

AMEMBASSY DAKAR

AMEMBASSY JIDDA

AMEMBASSY KINSHASA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MEXICO

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 1 OF 2 LIMA 1530

EO 11652: GDS

TAGS: ETRD, EGEN, PFOR, OPEC, UNCTAD, US, AG, PE, EEC,

SG, FR, BR, SA, GC, KU, UK, RP, MXN EC, CI, VE, JA

SUBJECT: THE DAKAR CONFERENCE ON COMMODITIES - "AN
ECONOMIC YALTA," A PERUVIAN VIEW

REF: DAKAR 836 AND 1056

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1. SUMMARY: THE SECOND RANKING PERUVIAN DELEGATE AT DCC CHARACTERIZED TO US HIS VIEW THAT THE CONFERENCE WAS THE "ECONOMIC YALTA" OF THE THIRD WORLD, A MAJOR TURNING POINT IN WORLD ECONOMIC HISTORY. HE STRESSED THAT IT WAS AN ESSENTIALLY DEFENSIVE EFFORT BY THE OPEC NATIONS TO OBTAIN A COMMITMENT FROM THE REST OF THE LDC'S IN THE FACE OF A DEEP, BUT UNARTICULATED (AT LEAST IN DAKAR) CONCERN THAT THE WEST MAY INTERVENE MILITARILY IN THE OPEC NATIONS. HE CONFIRMED THAT OPEC ACHIEVED ITS GOAL OF CONVERTING THE FRENCH PROPOSAL FOR A TRIPLARTITE MEETING INTO NEGOTIATIONS ON A BILATERAL BASIS BETWEEN LDC'S DC'S COVERING ALL RAW MATERIALS IN RETURN FOR FINANCIAL ASSISTANCE AND CARTEL BUILDING. GIVEN THE "DEFENSIVE NATURE" OF THE DCC, HE SAID MOST OF THE DELEGATIONS' EFFORTS WERE DEVOTED TO THE MODALITIES OF INTER-LDC COOPERATION AND THAT CONFRONTATION WITH THE INDUSTRIALIZED COUNTRIES WAS NOT A CENTRAL THEME (SEE DAKAR 836). HE DISMISSED THE POLITICAL RESOLUTIONS AS THE UNUSAL THIRD WORLD WINDOW-DRESSING. HE ASSERTED PERU PLANS TO BE AMONG THE LATIN AMERICANS CHOSEN TO REPRESENT THIS CONTINENT WHEN NEGOTIATIONS WITH THE INDUSTRIALIZED WORLD TAKE PLACE. END SUMMARY.

2. DCC - ESSENTIALLY DEFENSIVE IN NATURE - FERNANDO GUILLEN, PERU'S NUMBER TWO DELEGATE TO THE DCC, REVIEWED WITH EMBASSY OFFICERS FEBRUARY 21 THE RESULTS OF THAT CONFERENCE. HE CALLED IT AN "ECONOMIC YALTA," WHERE FUNDAMENTAL DECISIONS ABOUT THE FUTURE ECONOMIC ORGANIZATION OF THE WORLD WERE FIRST TAKEN. HE SAID ITS "RAISON D'ETRE" WAS OPEC'S DEEP CONCERN (NEVER OPENLY EXPRESSED AT DAKAR) ABOUT POSSIBLE MILITARY INTERVENTION BY THE WEST IN THEIR COUNTRIES, AND THEIR SUBSEQUENT DESIRE TO OBTAIN SUPPORT FOR THEIR POSITIONS FROM THE REST OF THE DEVELOPING WORLD. THUS, THE VERY IMPORTANCE OF THE AGREEMENTS REACHED ON THE PRINCIPLE OF OPEC FINANCIAL ASSISTANCE, CARTELS, AND ACROSS-THE-BOARD NEGOTIATIONS WITH THE INDUSTRIALIZED WORLD ON ALL RAW MATERIALS. THESE STEPS ARE PERCEIVED BY OPEC, ACCORDING TO GUILLEN, AS A KIND OF FUTURE INSURANCE AGAINST POSSIBLE MILITARY INTERVENTION BY THE WEST.

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3. LDC/DC NEGOTIATIONS - GULLEN EMPHASIZED SEVERAL TIMES THAT CONFRONTATION WITH THE INDUSTRIALIZED NATIONS WAS NOT A THEME OF DISCUSSIONS DURING THE CONFERENCE. THE DELEGATIONS WERE MUCH MORE PREOCCUPIED WITH ORGANIZING THEIR OWN PLANS FOR ACTION FROM AMONG THEIR DISPARATE POSITIONS. IN ADDITION, HE SAID, MOST DELEGATIONS TACITLY REALIZE THAT THE ULTIMATE AIM OF

THEIR DELIBERATIONS IS EVENTUAL MUTUAL COOPERATION WITH THE U.S., THE EEC, AND JAPAN. HE DISMISSED THE POLITICAL RESOLUTIONS AS MERE WINDOW-DRESSING, THE USUAL VERBIAGE OF EVERY NON-ALIGNED CONFERENCE.

4. THE OPEC QUID PRO QUO - GUILLEN SAID THAT THE PHILIPPINE PROPOSAL FOR A \$6 BILLION BUFFER STOCK SCHEME, ALTHOUGH ADROITLY HANDLED BY THE PHILIPPINE AMBASSADOR FROM GENEVA, HAD NO CHANCE OF APPROVAL SINCE THE PHILLIPPINES HAD NOT CONSULTED WITH THE OPEC NATIONS BEFOREHAND. HE SAID THAT WHILE THE OPEC NATIONS HAD NOT COME PREPARED TO MAKE FINANCIAL COMMITMENTS IN DETAIL, HE BELIEVES THAT THEY WILL MOVE EXPEDITIOUSLY TO MAKE GOOD ON THEIR PROMISE OF FINANCIAL ASSISTANCE TO THE OTHER LDC'S. HE OFFERED NO TIMETABLE.

5. LATIN AMERICAN POSITION - GUILLEN SAID THE BRAZILIANS WERE RELATIVELY PASSIVE AND QUIETLY DISSENTED FROM THE MORE RADICAL POLITICAL PROPOSALS. HOWEVER, THEY REGULARLY ATTENDED ALL MEETINGS AND THEIR PRESENCE WAS CLEARLY FELT BY THE OTHER LATINS. AS FOR PERU, GUILLEN SAID IT PLANS TO BE CHOSEN TO REPRESENT THIS CONTINENT IN ANY LDC/DC NEGOTIATIONS. VENEZUELA, ALREADY INCLUDED AS THE LATIN REPRESENTATIVE IN THE FRENCH PROPOSAL, WOULD ALSO ATTEND, BUT HE DISPARAGED VENEZUELA'S ROLE AS A SPOKESMAN FOR LATIN AMERICA SINCE IT IS ALREADY A "RICH COUNTRY" AND CANNOT THEREFORE SPEAK AS AN AUTHENTIC REPRESENTATIVE OF THE THIRD WORLD. GUILLEN SAID CRITICISM OF THE CHILEAN REGIME WAS DELETED FROM THE FINAL DECLARATION, BUT SOME IS CONTAINED IN CONFERENCE REPORTS.

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FRB-03 PA-01 USIA-06 PRS-01 /128 W

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R 242135Z FEB 75

FM AMEMBASSY LIMA
TO SECSTATE WASHDC 4041
INFO AMEMBASSY ALGIERS
AMEMBASSY BRASILIA
USEC BRUSSELS 56
AMEMBASSY CARACAS
AMEMBASSY DAKAR
AMEMBASSY JIDDA
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C O N F I D E N T I A L SECTION 2 OF 2 LIMA 1530

6. INDEXING - NO DCC DELEGATION WAS PREPARED, AS REPORTED DAKAR 1056, TO DISCUSS THE SPECIFICS OF INDEXING, BUT THE PRINCIPLE WAS ESTABLISHED. HE SAID HE BELIEVES THAT THE USG MIGHT BE PREPARED TO CONSIDER THE CONCEPT OF INDEXING, SINCE SUCCESS IN OBTAINING LOWER OPEC PRICES IN RETURN FOR A GUARANTEED SUPPLY OF OIL, AS SUGGESTED BY THE AMERICANS, WOULD DEPEND ON SOME KIND
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OF MAINTENANCE OF VALUE FEATURE.

7. USG VIEWS OF DAKAR - GUILLEN SAID HE UNDERSTANDS THAT THE USG POSITION ON NEGOTIATIONS WITH OPEC IS TO KEEP THE NUMBER OF COUNTRIES INVOLVED AS LIMITED AS POSSIBLE TO MAKE SUCH A CONFERENCE MORE MANAGEABLE. HE SAID HE WAS THEREFORE INTERESTED IN RECEIVING ANY VIEWS WE MIGHT HAVE ON THE DCC PROPOSALS, PARTICULARLY ON THE DECISION TO NEGOTIATE ACROSS-THE-BOARD ON ALL PRODUCTS WITH A LARGER NUMBER OF COUNTRIES.

8. PERCEPTION OF PERU BY OTHER THIRD WORLD COUNTRIES - IN RESPONSE TO A QUESTION, GUILLEN SAID THAT IN INTERNATIONAL MEETINGS OTHER THIRD WORLD COUNTRIES TEND TO REGARD PERU WITH A CERTAIN DEFERENCE. "THEY KNOW WE ARE RELIABLE." PERU, HE SAID, IS REGARDED AS HAVING WON ITS INDEPENDENCE AND, IN MANY RESPECTS, IT IS ALMOST AS THOUGH PERU HAD STEPPED INTO THE ROLE SO RECENTLY

ABONDONED BY CHILE.

9. COMMENT/ACTION: GUILLEN'S VIEWS ON THE "DEFENSIVE NATURE" OF THE CONFERENCE MAY BE BASED AT LEAST PARTIALLY ON HIS CLOSE CONTACT WITH MANY WESTERN EUROPEANS WHO HE MAINTAINS BELIEVE THAT MILITARY INTERVENTION IN THE OPEC NATIONS IS A GENUINE POSSIBILITY. HIS EMPHASIS ON THE UNITY OF ALL THE LDC'S AND THE COMMITMENT OF OPEC TO AID OTHERS WITH FINANCIAL ASSISTANCE, ALSO DOVETAILS WITH THE GENERALLY MILITANT PERUVIAN POSITION ON LDC/DC RELATIONS. WE WOULD, HOWEVER, BE INTERESTED IN RECEIVING ANY CONFIRMATION THAT THE DCC WAS PERCEIVED IN THE SAME LIGHT BY OTHERS.

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